

COPY

PETITIONER'S EXHIBIT KAH-S

**INDIANA UTILITIES CORPORATION
I.U.R.C. CAUSE 43520**

**SUPPLEMENTAL SETTLEMENT TESTIMONY
OF
KERRY A. HEID**

FILED
NOV 14 2008
INDIANA UTILITY
REGULATORY COMMISSION

SUPPLEMENTAL SETTLEMENT TESTIMONY
OF
KERRY A. HEID

I. INTRODUCTION AND OVERVIEW OF PRESENTATION

1. Please state your name and business address.

A. My name is Kerry A. Heid. My business address is 3212 Brookfield
Drive, Newburgh, IN 47630.

**2. Have you been retained by the Petitioner, Indiana Utilities Corporation,
to provide testimony in this cause?**

A. Yes. I have been engaged by Indiana Utilities to provide settlement
testimony on its behalf in this proceeding.

3. Did you previously sponsor direct testimony in this proceeding?

A. No.

**4. Please describe your educational background and business
experience and qualifications.**

A. In 1973, I graduated from Purdue University with a Bachelor of Science
degree in Civil Engineering. In 1985, I graduated from Indiana University
with a Master of Business Administration degree, majoring in Finance.

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1 My business experience and qualifications are set forth in Petitioner's
2 Exhibit KAH-1S.

3 **5. Do you hold any professional accreditations?**

4 A. Yes. I have been a registered Professional Engineer in the State of
5 Indiana since 1977.

6 **6. Have you previously testified before this Commission?**

7 A. Yes. I have testified on numerous occasions before this Commission on
8 cost-of-service allocation, rate design and other regulatory and
9 ratemaking matters.

10 **7. What is the purpose of your testimony in this proceeding?**

11 A. Indiana Utilities has entered into a Stipulation and Settlement Agreement
12 ("Settlement") with the Office of Utility Consumer Counselor on the
13 issues in this case, including an agreement that its rates and charges
14 should be increased in order to recover additional revenue from its
15 customers. My supplemental testimony supports: (1) the Settlement
16 rates and charges for each of the rate schedules; and (2) revisions to
17 Indiana Utilities' Tariff for Gas Service, including the establishment of a
18 new school transportation service.

19 **8. How is your testimony organized?**

20 A. My testimony is organized into the following sections:

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- 1 I. Introduction and Overview of Presentation
2 II. Overview of Current Rate Schedules
3 III. Derivation of Proposed Settlement Rates and Charges
4 IV. School Transportation Service

5 **9. What exhibits are you sponsoring in this proceeding?**

6 A. I am sponsoring the following exhibits:

7	KAH-1S	Qualifications of Kerry A. Heid
8	KAH-2S	Derivation of Customer Class Rate Increase Amounts
9		and Percentages
10	KAH-3S	Proposed Settlement Tariff for Gas Service

11

12 **II. OVERVIEW OF CURRENT RATE SCHEDULES**

13

14 **10. Please provide an overview of Indiana Utilities' current rate schedules.**

15 A. The current rate schedules are summarized below.

16 Rate 1-General Sales Service is a firm sales service applicable to
17 residential, commercial and public authority customers with connected
18 loads of less than 500,000 BTU's per hour. The General Service rate
19 schedule has approximately 2,730 customers.

20

21 Rate 2-Large Commercial Sales Service is a firm sales service
22 applicable to commercial and public authority customers with connected

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1 loads in excess of 500,000 BTU's per hour. The Large Commercial
2 Service rate schedule has approximately 156 customers.

3
4 Rate 3-Industrial Sales Service is available to industrial customers for
5 year-round industrial processing and incidental general purposes with a
6 connected load greater than 500,000 BTU's per hour. As will be
7 subsequently discussed, Rate 3 will be combined with Rate 4 for rate
8 design purposes.

9
10 Rate 4-Transportation Service is available to any non-residential
11 customer whose annual gas requirements equal or exceed 50,000
12 dekatherms per year. Rates 3 and 4 are comparable customer classes
13 which differ only in the customers' election of sales or transportation
14 service. Accordingly, they are combined for rate design purposes in
15 order to derive margin-neutral rates. Only two customers are currently in
16 the combined Rates 3 & 4 rate class.

17
18 Rate 5-Large Volume Transportation Service is available to non-
19 residential customers whose annual usage equals or exceeds 100,000
20 dekatherms. This rate schedule has only two customers.

III. DERIVATION OF PROPOSED SETTLEMENT RATES AND CHARGES

11. How will the total Settlement rate increase be allocated to the individual rate classes?

A. The Settlement generally allocates the revenue requirement increase to the various rate classes on an across-the-board basis based on the present non-gas revenues of each rate class. However, due to the competitive nature of the Rate 5-Large Volume Transportation Service (as evidenced by the loss of Indiana Utilities' largest customer subsequent to its last rate case), a slightly lower increase was utilized. In addition, the Rate 1-General Sales Service was allocated the system average increase.

In the Settlement the Parties agreed to the specific Customer Charges for each rate schedule. The remaining rate class revenues not recovered through the Customer Charges are to be recovered through the Distribution Charges of each specific rate schedule. Petitioner's Exhibit KAH-2S, page 1 of 2, presents the derivation of the proposed non-gas revenues for each rate class, and derives the percentage increase to be applied to each rate classes' Distribution Charges.

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1 Petitioner's Exhibit KAH-2S, page 2 of 2, applies those percentages to
2 derive the proposed settlement rates and charges.

3 **12. Please describe Petitioner's Exhibit KAH-3S.**

4 A. Petitioner's Exhibit KAH-3S sets forth the Settlement Tariff for Gas
5 Service, which reflects the Settlement rates and charges as derived
6 above.

7
8 **IV. SCHOOL TRANSPORTATION SERVICE**
9

10 **13. Does Petitioner's Exhibit KAH-3S, the proposed Settlement Tariff for**
11 **Gas Service, include a new School Transportation Service?**

12 A. Yes. Rate 6-School Transportation Service has been added in
13 accordance with Indiana statutes and the Commission's encouragement
14 that natural gas utilities make transportation services available for school
15 customers that desire to acquire their own gas supply.

16 **14. Please describe the new Rate 6-School Transportation Service.**

17 A. Petitioner proposes to base the new school transportation rates and
18 charges on the margin (non-gas) components of the schools'
19 corresponding sales rate schedule. Schools are currently provided
20 sales service under Rate 2-Large Commercial Sales Service.
21 Therefore, the Petitioner proposes to base the new school
22 transportation rates and charges on the margin (non-gas) component of

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1 the Rate 2-Large Commercial Sales Service base rates. In addition,
2 Petitioner proposes an additional \$50 per month Administrative Charge
3 to cover incremental administrative costs. Because of this margin-
4 neutral ratemaking treatment, it will have no effect on the Settlement
5 rates and charges

6

7 **15. Does this conclude your prepared supplemental settlement**
8 **testimony?**

9 A. Yes, at the present time.

KERRY A. HEID, P.E.
President

Heid Rate and Regulatory Services

Mr. Heid is an independent rate consultant with 29 years of gas, electric, steam, water and wastewater utility experience in the rate and regulatory areas. Mr. Heid was previously Director of Rates for Vectren Corporation, a combination electric and gas utility with one million customers, where he directed the rate activities for the Vectren utilities of Indiana Gas Company, Southern Indiana Gas and Electric Company and Vectren Energy Delivery of Ohio. While at Vectren Mr. Heid was responsible for preparation of cost of service studies and rate design, preparation of Fuel Adjustment Clause ("FAC") and Gas Cost Adjustment ("GCA") filings, and development of riders including environmental cost recovery mechanisms. Mr. Heid has testified on numerous occasions regarding cost of service studies, rate design and other regulatory matters.

Mr. Heid was previously employed by Black & Veatch Consulting Engineers, where he prepared cost of service and rate design studies for utilities throughout the United States. Mr. Heid was also a senior member of the Indiana Utility Regulatory Commission technical staff.

Since leaving Vectren in 2002 to start his own rate and regulatory consulting firm, Mr. Heid has continued on retainer with Vectren, consulting on electric and gas cost of service and rate design matters. Mr. Heid has also assisted other electric, gas, steam, water and wastewater utility clients in preparing cost of service studies and developing new rate schedules. Mr. Heid has also provided cost of service and rate design assistance to large customers in various regulatory and court proceedings.

Mr. Heid has been actively involved as a member of the following professional industry associations: (i) *American Gas Association ("AGA") Rate and Strategic Planning Committee, including former Chair of its Revenue Requirements Subcommittee*; (ii) *Indiana Gas Association Rate Committee, Former Chair*; (iii) *Edison Electric Institute ("EEI") Economic Regulation and Competition Committee*; (iv) *Indiana Electric Association Rates and Tariffs Committee*; (v) *American Water Works Association Rates and Charges Committee (Appointed to Subcommittee revising AWWA Manual M1, "Principles of Water Rates, Fees, and Charges")*; (vi) *Water Subcommittee of the National Association of Regulatory Utility Commissioners ("NARUC")*; and (vii) *Water Environment Federation*.

Mr. Heid has been an instructor at the AGA Gas Rates School, has given presentations to the AGA Rate and Strategic Planning Committee on various ratemaking topics, and has been invited by the Indiana Utility Regulatory Commission to conduct training for its staff on gas and water cost of service studies and rate design and on gas cost adjustment mechanisms. Mr. Heid has served on the faculties of other utility rate training seminars and has given numerous presentations to various utility organizations.

Mr. Heid has a B.S. degree in Civil Engineering from Purdue University and an MBA degree with a concentration in finance from Indiana University. Mr. Heid is a registered Professional Engineer in the State of Indiana.

<i>Client</i>	<i>Year</i>	<i>Project Emphasis</i>
Vectren North (Indiana Gas Co.)	1990	Gas Cost of Service Study and Rate Design Normal Temperature Adjustment
Vectren North (Indiana Gas Co.)	1992-1995	Gas Cost of Service Study and Rate Design Normal Temperature Adjustment Environmental Cost Recovery Tracker
Vectren North (Indiana Gas Co.)	1989-2002	Quarterly Gas Cost Adjustments
Vectren South (SIGECO)-Gas	2000-2002	Quarterly Gas Cost Adjustments
Vectren South (SIGECO)-Electric	2000-2002	Quarterly Electric Fuel Cost Adjustments Demand Side Management Cost Riders
Vectren Energy Delivery of Ohio	2000-2002	Quarterly Gas Cost Adjustments
Vectren Energy Delivery of Ohio	2001	Gas Cost Recovery Audit
Vectren Energy Delivery of Ohio	2001	Senate Bill 287 Implementation Gross Receipts Tax Rider
Vectren South (SIGECO)-Electric	2001	NOx Environmental Cost Recovery Mechanism
Vectren South (SIGECO)-Electric	2002	NOx Environmental Cost Recovery Mechanism
Vectren South (SIGECO)-Electric	2002	Review of Electric Cost of Service Study
Evansville Business Alliance	2002	Wastewater Cost of Service Study and Rate Design
Evansville Business Alliance	2002	Water Cost of Service Study and Rate Design
Mead Johnson (Bristol Myers)	2003	Wastewater Rate Projections
Vectren South (SIGECO)-Electric	2003	NOx Environmental Cost Recovery Mechanism
South Bend Industrial Intervenors	2003	Wastewater Cost of Service and Rate Design
Indiana Utilities Corporation	2003	Gas Cost of Service and Rate Design
Community Natural Gas Co.	2003	Gas Cost of Service Study and Rate Design
Indiana Natural Gas Corporation	2003	Gas Cost of Service Study and Rate Design
Indiana-American Water Company	2003	Water Cost of Service Study and Rate Design Single Tariff Pricing
GPI at Danville Crossing	2003-2005	Wastewater Rate Design

<i>Client</i>	<i>Year</i>	<i>Project Emphasis</i>
Vectren South (SIGECO)–Gas	2003	Gas Cost of Service Study and Rate Design Normal Temperature Adjustment
Purdue University	2004	Wastewater Cost of Service Study and Rate Design
City of Frankfort, IN	2004	Water Cost of Service Study and Rate Design Large Customer Bypass Negotiations
Evansville Business Alliance	2004	Wastewater Cost of Service Study and Rate Design
Switzerland County Natural Gas	2004	Gas Cost of Service Study and Rate Design
Vectren Energy Delivery of Ohio	2004	Gas Cost of Service Study and Rate Design
Vectren North (Indiana Gas Co.)	2004	Gas Cost of Service Study and Rate Design Normal Temperature Adjustment
Clay Utilities Customers	2005-2007	Outside City Surcharge
City of East Chicago, IN	2005	Water Cost of Service Study and Rate Design
Indianapolis Department of Waterworks (formerly Indianapolis Water Company, Inc.)	2006	Water Cost of Service Study and Rate Design
Culver Academies	2005	Wastewater Cost of Service Study and Rate Design
City of Anderson, IN	2005-2006	Water Cost of Service Study and Rate Design
Vectren South (SIGECO)–Electric	2006-2007	Electric Cost of Service Study
Vectren South (SIGECO)–Gas	2006-2007	Gas Cost of Service Study and Rate Design
MasterGuard Corporation	2006	Electric Rate Billing Dispute Litigation
Lawrenceburg Gas Corporation	2006-2007	Gas Cost of Service Study and Rate Design Single Tariff Pricing School Transportation Tariff
Fountaintown Gas Company	2006	Transportation Balancing Provisions
Lawrenceburg Gas Company Midwest Natural Gas Corporation Indiana Utilities Corporation South Eastern Indiana Natural Gas Co. Fountaintown Gas Company, Inc. Community Natural Gas Co. Boonville Natural Gas Corporation Chandler Natural Gas Corporation Indiana Natural Gas Corporation	2006	Normal Temperature Adjustment

<i>Client</i>	<i>Year</i>	<i>Project Emphasis</i>
Indiana-American Water Company	2006-2007	Purchased Power Tracker
Missouri-American Water Company	2006-2007	CWIP Surcharge
Grandview Municipal Waterworks	2007	Sale for Resale Rate Litigation
Citizens Gas & Coke Utility	2007	Normal Temperature Adjustment
Southeastern Indiana REMC	2007	Electric Cost of Service Study and Rate Design
Ohio Valley Gas Company	2007	Gas Cost of Service Study and Rate Design Normal Temperature Adjustment Pipeline Safety Integrity Rider
Midwest Gas Corporation	2007	Gas Cost of Service Study and Rate Design Single Tariff Pricing School Transportation Tariff
Citizens Thermal Energy	2007	Steam Cost of Service Study and Rate Design
Rensselaer Municipal Electric Utility	2007	Rensselaer Municipal Electric Contract with IMPA
Vectren North (Indiana Gas Company)	2007	Gas Cost of Service Study and Rate Design
Vectren Energy Delivery of Ohio	2007-2008	Gas Cost of Service Study and Rate Design
Lawrenceburg Gas Corporation	2007-2008	Gas Cost Adjustment Review and Corrections
Indiana Natural Gas Corporation	2007-2008	School Transportation Tariff
Boonville Natural Gas Corp. & Chandler Natural Gas Corp.	2007-2008	Gas Cost of Service Study and Rate Design Single Tariff Pricing
Community Natural Gas Co., Inc.	2007-2008	Gas Rate Design
Indiana Natural Gas Corporation	2008	Gas Cost of Service Study and Rate Design
Santa Claus Municipal Waterworks	2008	Water Cost of Service Study and Rate Design
Indianapolis Department of Waterworks (formerly Indianapolis Water Company, Inc.)	2008	Water Cost of Service Study and Rate Design Conservation Pricing
Indiana Housing and Community Development Authority	2008	2008 Review of Utility Allowances for Low Income Housing
Evansville Business Alliance	2008	Wastewater Cost of Service Study and Rate Design

<i>Client</i>	<i>Year</i>	<i>Project Emphasis</i>
Citizens Thermal Energy	2008	Large Volume Customer Steam Contract Negotiations and Approval
Southeastern Indiana REMC	2008	Update to Electric Cost of Service Study and Rate Design
City of Ft. Wayne, Indiana	2008	Indiana Michigan Power Electric Cost of Service Study and Rate Design Intervention
Northern Indiana Public Service Company (NIPSCO)	2008	NIPSCO Electric Cost of Service Study and Rate Design Intervention

INDIANA UTILITIES CORPORATION DERIVATION OF RATE INCREASE PERCENTAGES

1	Present Revenues (excl. Misc. Revenues)	\$1,662,335				
2	Total Revenue Requirement (excl. Misc. Revenues)	\$2,024,047				
3	Dollar Increase ((Ln 2 - Ln 1)	\$361,712				
4	Percentage Increase (Ln 3 / Ln 1)	21.7593%				
5	Less: Rate 1 Revenues at Present Rates (Ln 17)	(\$815,164)				
6	Less: Rate 5 Revenues at Present Rates (Ln 17)	<u>(\$94,474)</u>				
7	Total Revenues to be Collected Through Rates from Remaining Rate Classes (Ln 2 + Ln 5 + Ln 6)	\$1,114,409				
8	Present Revenues from Remaining Rate Classes (Ln 1)	<u>Total</u> \$1,662,335	<u>Rate 1</u> \$815,164	<u>Rate 5</u> \$94,474	<u>Remaining</u> \$752,697	
9	Required Increase to Remaining Rate Classes- \$ (Ln 3)	\$361,712	\$177,374	\$13,978	\$170,360	
10	Required Increase to Remaining Rate Classes- % (Ln 9 / Ln 8)	21.7593%	21.7593%	14.7958%	22.6333%	
11	Test Year Revenues at Present Rates (input)	<u>Rate 1</u> General Service \$2,218,904	<u>Rate 2</u> Large Commercial \$2,350,334	<u>Rate 3 & 4</u> Industrial & Gen. Transp. \$639,891	<u>Rate 5</u> Large Vol. Transport \$122,385	<u>Total</u> \$5,331,514
12	Adj. 1a - Elimination of GCA Revenue (input)	(\$874,393)	(\$1,178,236)	(\$414,368)		(\$2,466,998)
13	Adj. 1b - Elimination of Base Cost of Gas Revenue (input)	(\$570,503)	(\$562,679)	(\$135,670)	\$0	(\$1,268,852)
14	Adj. 1c - Weather Normalization (input)	\$49,500	\$41,170			\$90,670
15	Adj. 1c - Deduct NTA Revenue (input)	(\$25,864)	(\$21,280)			(\$47,144)
16	Adj. 1d - Reduction in Transportation Volumes (input)				(\$27,911)	(\$27,911)
17	Adj. 1e - CTA Expansion (input)	\$17,520		\$33,535		\$51,055
18	Proforma Revenues at Present Rates (ΣLns 11 -18)	<u>\$815,164</u>	<u>\$629,309</u>	<u>\$123,388</u>	<u>\$94,474</u>	<u>\$1,662,334</u>
19	Average Required Increase - % (Rates 1 & 5: Ln 4; Rates 2, 3 & 4: Ln 10)	<u>21.7593%</u>	<u>22.6333%</u>	<u>22.6333%</u>	<u>14.7958%</u>	<u>21.7593%</u>
20	Total Revenues Required to be Collected Through Rates (9 + 11)	\$177,374	\$142,433	\$27,927	\$13,978	\$361,712
21	Present Customer Charge (input)	\$9.00	\$50.00	\$375.00	\$800.00	
22	Proposed Customer Charge (input)	\$10.00	\$55.00	\$400.00	\$900.00	
23	Increase in Customer Charge - % ((Ln 22 - Ln 21) - 1)	11.11%	10.00%	6.67%	12.50%	
24	Test Year Number of Bills (input)	32,163	1,868	12	24	34,067
25	Adj. 1e - CTA Expansion (input)	600		12		612
26	Proforma No. of Annual Bills (Ln 24 + Ln 25)	<u>32,763</u>	<u>1,868</u>	<u>24</u>	<u>24</u>	<u>34,679</u>
27	Present Revenues Recovered Through Customer Charges (Ln 21 * Ln 26)	\$294,867	\$93,400	\$9,000	\$19,200	\$416,467
28	Present Revenues Recovered Through Commodity Charges (Ln 18 - Ln 27)	\$520,297	\$535,909	\$114,388	\$75,274	\$1,245,867
29	Proposed Revenues Recovered Through Customer Charges (Ln 22 * Ln 26)	\$327,630	\$102,740	\$9,600	\$21,600	\$461,570
30	Proposed Revenues Recovered Through Commodity Charges (Ln 18 + Ln 20 - Ln 29)	\$664,908	\$669,002	\$141,714	\$86,852	\$1,562,476
31	Required % Increase in Commodity Charges ((Ln 30 / Ln 28)) - 1)	27.7939%	24.8351%	23.8895%	15.3814%	25.4127%

**INDIANA UTILITIES CORPORATION
DERIVATION OF PROPOSED SETTLEMENT RATES**

<u>DESCRIPTION</u>	<u>Present Rates (\$/Dth)</u>	<u>Settlement Increase (%)</u>	<u>Proposed Rates (\$/Dth)</u>
	(A)	(B)	(C)
<u>RATE 1- GENERAL GAS SALES SERVICE</u>			
Customer Charge	\$9.00	N/A	\$10.00
First 10 Dekatherms	\$3.1462	27.7939%	\$4.0207
Over 10 Dekatherms	\$2.5968	27.7939%	\$3.3186
<u>RATE 2 - LARGE COMMERCIAL GAS SALES SERVICE</u>			
Customer Charge	\$50.00	N/A	\$55.00
All Dekatherms	\$2.5820	24.8351%	\$3.2232
<u>RATE 3 - INDUSTRIAL GAS SALES SERVICE</u>			
Customer Charge	\$375.00	N/A	\$400.00
All Dekatherms	\$1.3715	23.8895%	\$1.6991
<u>RATE 4 - GENERAL GAS TRANSPORTATION SERVICE</u>			
Customer Charge	\$375.00	N/A	\$400.00
All Dekatherms	\$1.2806	23.8895%	\$1.6991
<u>RATE 5 - LARGE VOLUME TRANSPORTATION SERVICE</u>			
Customer Charge	\$800.00	N/A	\$900.00
All Dekatherms	\$0.6500	15.3814%	\$0.7500

**INDIANA NATURAL GAS CORPORATION
IURC CAUSE NO. 43520
PROPOSED TARIFF FOR GAS SERVICE**

**DATA: 12 MONTHS ENDED DECEMBER 2007
TYPE OF FILING: SETTLEMENT
WITNESS: HEID**

PETITIONER'S EXHIBIT KAH-3S

**INDIANA UTILITIES CORPORATION
PROPOSED SETTLEMENT TARIFF
FOR GAS SERVICE**

Indiana Utilities Corporation
Corydon, Indiana
Tariff for Gas Service

I.U.R.C. No. G-11
Original Sheet No. 1

INDIANA UTILITIES CORPORATION
Corydon, Indiana

TARIFF FOR GAS SERVICE

In the towns of Corydon, Elizabeth, and New Middletown and
adjacent rural areas in Harrison County, Indiana

ISSUED PURSUANT TO ORDER OF THE
INDIANA UTILITY REGULATORY COMMISSION
IN CAUSE NO. 43520,
EFFECTIVE _____.

Effective: _____

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Effective: _____

RATE 1 **GENERAL GAS SALES SERVICE**

AVAILABILITY

Available for general natural gas service to residential, commercial and public authority customers with a connected load less than 500,000 BTU's per hour. Customer must be located on Company's gas mains suitable and adequate for supplying this service. Service to residential customers shall be to single-dwelling residences that are individually metered for natural gas consumption for heating, cooling, cooking, drying, water heating, lighting and automobile fueling.

Service to commercial and public authority customers shall be to individually metered customers for natural gas consumption for heating, cooling, cooking, drying, water heating, lighting, automobile fueling and to multi-dwelling residential units that are collectively metered.

This rate schedule is not available to commercial customers that utilize the natural gas service for an industrial process.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Gas Sales Service. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule. All gas will be billed on a dekatherm basis, determined by supplier's calculation of MMBTU.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

\$10.00 per meter

Distribution Charge:

First 10 dekatherms @ \$4.0207 per dekatherm

Over 10 dekatherms @ \$3.3186 per dekatherm

Gas Cost Charge:

The Gas Cost Charge shall be as set forth on Appendix A, Gas Cost Adjustment, for each dekatherm of Company-supplied gas.

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

Other Charges:

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

Effective: _____

Indiana Utilities Corporation
Corydon, Indiana
Tariff for Gas Service

I.U.R.C. No. G-11
Original Sheet No. 5

RATE 1
GENERAL GAS SALES SERVICE
(continued)

RATES AND CHARGES (cont.)

Late Payment Charge:

Bills shall be rendered and due monthly. If Customer does not pay a bill for gas service on or before the gross payment date, Customer shall be charged a Late Payment Charge as follows:

On the first \$3.00 or less of net billing	10%
On the amount in excess of \$3.00	3%

TERMS AND CONDITIONS

Service hereunder shall be subject to the Company's Rules and Regulations and to the Rules and Standards of Service for Gas Public Utilities prescribed by the Indiana Utility Regulatory Commission from time to time.

Effective: _____

RATE 2

LARGE COMMERCIAL GAS SALES SERVICE

AVAILABILITY

Available for natural gas service to commercial and public authority customers with a connected load greater than 500,000 BTU's per hour. Customer must be located on Company's gas mains suitable and adequate for supplying this service. Service to commercial and public authority customers shall be to individually metered customers for natural gas consumption including heating, cooling, cooking, drying, water heating, lighting, automobile fueling and to a multi-dwelling residential unit that is collectively metered.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Gas Sales Service. Gas Service provided under this Rate Schedule shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

RATE AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

\$55.00 per meter

Distribution Charge:

All dekatherms @ \$3.2232 per dekatherm

Gas Cost Charge:

The Gas Cost Charge shall be as set forth on Appendix A, Gas Cost Adjustment, for each dekatherm of Company-supplied gas.

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

Other Charges:

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

Late Payment Charge:

Bills shall be rendered and due monthly. If Customer does not pay a bill for gas service on or before the gross payment date, Customer shall be charged a Late Payment Charge as follows:

On the first \$3.00 or less of net billing	10%
On the amount in excess of \$3.00	3%

TERMS AND CONDITIONS

Service hereunder shall be subject to the Company's Rules and Regulations and to the Rules and Standards of Service for Gas Public Utilities prescribed by the Indiana Utility Regulatory Commission from time to time.

Effective: _____

Indiana Utilities Corporation
Corydon, Indiana
Tariff for Gas Service

I.U.R.C. No. G-11
Original Sheet No. 7

RATE 3 **INDUSTRIAL GAS SALES SERVICE**

AVAILABILITY

Available for natural gas service to industrial customers for year-round industrial processing and incidental general purposes with a connected load greater than 500,000 BTU's per hour. Customer must be located on Company's gas mains suitable and adequate for supplying this service. Service to industrial customers shall be individually metered.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Gas Sales Service. Gas Service provided under this Rate Schedule shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

RATE AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

\$400.00 per meter

Distribution Charge:

All dekatherms @ \$1.6991 per dekatherm

Gas Cost Charge:

The Gas Cost Charge shall be as set forth on Appendix A, Gas Cost Adjustment, for each dekatherm of Company-supplied gas.

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

Other Charges:

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

Late Payment Charge:

Bills shall be rendered and due monthly. If Customer does not pay a bill for gas service on or before the gross payment date, Customer shall be charged a Late Payment Charge as follows:

On the first \$3.00 or less of net billing	10%
On the amount in excess of \$3.00	3%

CONTRACT

Customer shall enter into a written contract that specifies the hourly and daily maximum gas requirements of Customer and any other terms reasonably required by Company. The Contract shall have an initial term of not less than one year and shall automatically extend for succeeding annual terms thereafter, subject to cancellation by either party after written notice submitted not less than ninety days prior to the end of the initial term or any succeeding annual term. However, in no event shall the contract expire during the Winter Season, unless such mid-winter termination date is mutually agreed upon.

Effective: _____

Indiana Utilities Corporation
Corydon, Indiana
Tariff for Gas Service

I.U.R.C. No. G-11
Original Sheet No. 8

RATE 3
INDUSTRIAL GAS SALES SERVICE
(continued)

CURTAILMENT PROVISIONS

In the event of any actual or threatened shortage of natural gas, due to any cause whatsoever, (including curtailments of total gas deliveries required to comply with supply contract limitations), the Company shall have the right to require such curtailment or interruption of gas usage as it deems necessary to avoid impairment of its gas supply to customers served under its General Service and Large Commercial rate schedules. When a curtailment is in effect pursuant to this section, gas usage by the Customer in excess of the quantity permitted for such Customer shall constitute Unauthorized Gas Usage and shall be subject to the Unauthorized Gas Usage Charge set forth in Appendix C.

TERMS AND CONDITIONS

Service hereunder shall be subject to the Company's Rules and Regulations and to the Rules and Standards of Service for Gas Public Utilities prescribed by the Indiana Utility Regulatory Commission from time to time.

Effective: _____

RATE 4

GENERAL GAS TRANSPORTATION SERVICE

AVAILABILITY

This Rate Schedule is available to any Non-Residential Customer located within the Company's Service Area whose Annual Usage equals or exceeds 50,000 dekatherms.

Those customers desirous of transporting their own natural gas through the Company's pipelines shall notify the Company no later than six (6) months prior to initiating transportation and shall initiate said transportation service at the beginning of any Gas Cost Adjustment (GCA) period.

Transportation service shall be available after the Customer has made arrangements to pay all under collections for prior service received from the Company, including, without limitation, any under- collection existing in the GCA period.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Transportation Service. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

Transportation under this rate shall be considered firm once the Customer's gas is accepted by the Company from the point where the Company's lines interconnect with the Customer's upstream pipeline transporter (Receipt Point) to the delivery point at the Customer's place of utilization (Delivery Point), subject to the interruption or curtailment provisions of the Rules and Regulations of the Company and the terms of this rate schedule. The Company's sole obligation hereunder shall be to deliver the Customer's gas from the Receipt Point to the Delivery Point. The Company shall have no obligation to provide volumes of gas greater than that received, nor quality of gas better than that received from the Customer at the Company's Receipt Point nor storage of gas.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

\$400.00 per meter

Distribution Charge:

All dekatherms @ \$1.6991 per dekatherm

Gas Cost Adjustment:

The Gas Cost Adjustment, if applicable, shall be as set forth in Appendix A, Gas Cost Adjustment, for each dekatherm of metered usage.

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

Effective: _____

RATE 4
GENERAL GAS TRANSPORTATION SERVICE
(continued)

RATES AND CHARGES (cont.)

Other Charges:

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

Late Payment Charge:

Bills shall be rendered and due monthly. If Customer does not pay a bill for gas service on or before the gross payment date, Customer shall be charged a Late Payment Charge as follows:

On the first \$3.00 or less of net billing	10%
On the amount in excess of \$3.00	3%

CONTRACT

Customer shall enter into a written contract that specifies the hourly and daily maximum gas requirements of Customer and any other terms reasonably required by Company. The Contract shall have an initial term of not less than one year and shall automatically extend for succeeding annual terms thereafter, subject to cancellation by either party after written notice submitted not less than ninety days prior to the end of the initial term or any succeeding annual term. However, in no event shall the contract expire during the Winter Season, unless such mid-winter termination date is mutually agreed upon.

GAS TRANSPORTATION PROVISIONS

The following Gas Transportation Provisions are applicable to Customers entering into Transportation Service Contracts.

1. Transportation Customers shall be subject to the Nomination and Balancing Provisions in Appendix D.
2. Transportation Customer shall provide and maintain on the Premises at the meter location electric and telephone service as required by Company for the operation of Company-owned electronic gas measurement devices and related communications equipment.
3. All volumes of natural gas transported hereunder shall be of the same quality and meet the same specifications as that delivered to the Company by the Company's own pipeline transporter.
4. Transportation Customers must have clear title and all required regulatory approvals to the gas that is to be transported and provided for gas delivery to a mutually agreeable point of receipt on the Company's system.

Effective: _____

RATE 4
GENERAL GAS TRANSPORTATION SERVICE
(continued)

GAS TRANSPORTATION PROVISIONS (cont.)

5. Any Transportation Customer may return to firm sales service upon thirty (30) days notice provided the Company can secure appropriate quantities of gas supply and capacity from the Company's pipeline transporter to supply said sales service. A Customer that has returned from transportation service to sales service must remain on sales service for not less than twelve months before returning to Transportation Service.
6. Customer shall reimburse Company for all charges incurred in connection with transportation of Customer's gas including any gas costs, penalty charges, or cashouts.
7. Should customer be unable to deliver sufficient volumes of transportation gas to the Company's system, Company will not be obligated hereunder to provide standby quantities for purposes of supplying such customer's requirements.
8. Company shall not be required to render service under this rate schedule to any Customer that fails to comply with any and all of the terms and conditions of this rate schedule.
9. In its reasonable discretion, on a case-by-case basis, the Company may waive all or part of the provisions herein; provided, however, that the waiver of such provisions shall be exercised on a non-discriminatory basis.

CURTAILMENT PROVISIONS

In the event of any actual or threatened shortage of natural gas, due to any cause whatsoever, (including curtailments of total gas deliveries required to comply with supply contract limitations), the Company shall have the right to require such curtailment or interruption of gas usage as it deems necessary to avoid impairment of its gas supply to customers served under its General Service and Large Commercial rate schedules. When a curtailment is in effect pursuant to this section, gas usage by the Customer in excess of the quantity permitted for such Customer shall constitute Unauthorized Gas Usage and shall be subject to the Unauthorized Gas Usage Charge set forth in Appendix C.

TERMS AND CONDITIONS

Service hereunder shall be subject to the Company's Rules and Regulations and to the Rules and Standards of Service for Gas Public Utilities prescribed by the Indiana Utility Regulatory Commission from time to time.

Effective: _____

RATE 5

LARGE VOLUME GAS TRANSPORTATION SERVICE

AVAILABILITY

This Rate Schedule is available to any Non-Residential Customer located within the Company's Service Area whose Annual Usage equals or exceeds 100,000 dekatherms.

Those customers desirous of transporting their own natural gas through the Company's pipelines shall notify the Company no later than six (6) months prior to initiating transportation and shall initiate said transportation service at the beginning of any Gas Cost Adjustment (GCA) period.

Transportation service shall be available after the Customer has made arrangements to pay all under collections for prior service received from the Company, including, without limitation, any under- collection existing in the GCA period.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Transportation Service. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

Transportation under this rate shall be considered firm once the Customer's gas is accepted by the Company from the point where the Company's lines interconnect with the Customer's upstream pipeline transporter (Receipt Point) to the delivery point at the Customer's place of utilization (Delivery Point), subject to the interruption or curtailment provisions of the Rules and Regulations of the Company and the terms of this rate schedule. The Company's sole obligation hereunder shall be to deliver the Customer's gas from the Receipt Point to the Delivery Point. The Company shall have no obligation to provide volumes of gas greater than that received, nor quality of gas better than that received from the Customer at the Company's Receipt Point nor storage of gas.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

\$900.00 per meter

Distribution Charge:

All dekatherms @ \$0.7500 per dekatherm

Gas Cost Adjustment:

The Gas Cost Adjustment, if applicable, shall be as set forth in Appendix A, Gas Cost Adjustment, for each dekatherm of metered usage.

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

Effective: _____

RATE 5
LARGE VOLUME GAS TRANSPORTATION SERVICE
(continued)

RATES AND CHARGES (cont.)

Other Charges:

The Other Charges set forth in Appendix C shall be charged to Customer, if applicable.

Late Payment Charge:

Bills shall be rendered and due monthly. If Customer does not pay a bill for gas service on or before the gross payment date, Customer shall be charged a Late Payment Charge as follows:

On the first \$3.00 or less of net billing	10%
On the amount in excess of \$3.00	3%

CONTRACT

Customer shall enter into a written contract that specifies the hourly and daily maximum gas requirements of Customer and any other terms reasonably required by Company. The Contract shall have an initial term of not less than one year and shall automatically extend for succeeding annual terms thereafter, subject to cancellation by either party after written notice submitted not less than ninety days prior to the end of the initial term or any succeeding annual term. However, in no event shall the contract expire during the Winter Season, unless such mid-winter termination date is mutually agreed upon.

GAS TRANSPORTATION PROVISIONS

The following Gas Transportation Provisions are applicable to Customers entering into Transportation Service Contracts.

1. Transportation Customers shall be subject to the Nomination and Balancing Provisions in Appendix D.
2. Transportation Customer shall provide and maintain on the Premises at the meter location electric and telephone service as required by Company for the operation of Company-owned electronic gas measurement devices and related communications equipment.
3. All volumes of natural gas transported hereunder shall be of the same quality and meet the same specifications as that delivered to the Company by the Company's own pipeline transporter.
4. Transportation Customers must have clear title and all required regulatory approvals to the gas that is to be transported and provided for gas delivery to a mutually agreeable point of receipt on the Company's system.

Effective: _____

RATE 5
LARGE VOLUME GAS TRANSPORTATION SERVICE
(continued)

GAS TRANSPORTATION PROVISIONS (cont.)

5. Any Transportation Customer may return to firm sales service upon thirty (30) days notice provided the Company can secure appropriate quantities of gas supply and capacity from the Company's pipeline transporter to supply said sales service. A Customer that has returned from transportation service to sales service must remain on sales service for not less than twelve months before returning to Transportation Service.
6. Customer shall reimburse Company for all charges incurred in connection with transportation of Customer's gas including any gas costs, penalty charges, or cashouts.
7. Should customer be unable to deliver sufficient volumes of transportation gas to the Company's system, Company will not be obligated hereunder to provide standby quantities for purposes of supplying such customer's requirements.
8. Company shall not be required to render service under this rate schedule to any Customer that fails to comply with any and all of the terms and conditions of this rate schedule.
9. In its reasonable discretion, on a case-by-case basis, the Company may waive all or part of the provisions herein; provided, however, that the waiver of such provisions shall be exercised on a non-discriminatory basis.

CURTAILMENT PROVISIONS

In the event of any actual or threatened shortage of natural gas, due to any cause whatsoever, (including curtailments of total gas deliveries required to comply with supply contract limitations), the Company shall have the right to require such curtailment or interruption of gas usage as it deems necessary to avoid impairment of its gas supply to customers served under its General Service and Large Commercial rate schedules. When a curtailment is in effect pursuant to this section, gas usage by the Customer in excess of the quantity permitted for such Customer shall constitute Unauthorized Gas Usage and shall be subject to the Unauthorized Gas Usage Charge set forth in Appendix C.

TERMS AND CONDITIONS

Service hereunder shall be subject to the Company's Rules and Regulations and to the Rules and Standards of Service for Gas Public Utilities prescribed by the Indiana Utility Regulatory Commission from time to time.

Effective: _____

RATE 6

SCHOOL TRANSPORTATION SERVICE

AVAILABILITY

This Rate Schedule shall be available to Customers with a public School Corporation ("School Corporation Customer") serving students in grades K through 12.

Multiple School Corporation Customers may elect to act jointly to aggregate purchases of natural gas commodity supply from any available natural gas commodity seller for all schools included in the aggregated purchases. Notwithstanding the aggregation of natural gas commodity supply or the use of Summary Billing, each School Corporation Customer shall individually be subject to and pay the applicable rates and charges pursuant to this Rate Schedule.

Transportation Service shall be available after the Customer has made arrangements to pay all under-collections for prior service received from the Company, including, without limitation, any under-collection existing in the Gas Cost Adjustment. Transportation Service shall be initiated at the beginning of a Gas Cost Adjustment period.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Transportation Service. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

Transportation under this rate shall be considered firm once the Customer's gas is accepted by the Company from the point where the Company's lines interconnect with the Customer's upstream pipeline transporter (Receipt Point) to the delivery point at the Customer's place of utilization (Delivery Point), subject to the interruption or curtailment provisions of the General Terms and Conditions of the Company and the terms of this rate schedule. The Company's sole obligation hereunder shall be to deliver the Customer's gas from the Receipt Point to the Delivery Point. The Company shall have no obligation to provide volumes of gas greater than that received, nor quality of gas better than that received from the Customer at the Company's Receipt Point. No storage of gas by the Company shall be available through this Transportation Service.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

\$105.00 per meter

Distribution Charge:

All dekatherms @ \$3.2232 per dekatherm

Gas Cost Charge:

The Gas Cost Charge, if applicable, shall be as set forth on Appendix A, Gas Cost Adjustment, for each dekatherm of usage.

Effective: _____

RATE 6
SCHOOL TRANSPORTATION SERVICE
(continued)

RATES AND CHARGES (cont.)

Normal Temperature Adjustment:

The Normal Temperature Adjustment shall be as set forth on Appendix E, Normal Temperature Adjustment.

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

Other Charges:

The Other Charges set forth in this Tariff for Gas Service shall be charged to Customer, if applicable.

CONTRACT FOR TRANSPORTATION SERVICE

The customer requesting transportation service by the Utility shall enter into a written contract with the Utility, which said contract shall provide for quantities of gas to be transported, penalties, the term thereof and other conditions of service agreed upon between customer and the Utility. Each such contract shall provide further that Utility will be held harmless by the customer against any increases in its monthly demand charges and any overrun quantity charges or penalties by reason of any failure or refusal of customer to curtail quantities of transport gas after timely curtailment requests pursuant to the Company's General Terms and Conditions.

GAS TRANSPORTATION PROVISIONS

The following Gas Transportation Provisions are applicable to Customers entering into Transportation Service Contracts.

Transportation Customers shall be subject to the Nomination and Balancing Provisions set forth in Appendix D.

The Company shall meter the gas at the delivery point through a Company-owned meter. Company may require Customer to utilize a meter having the ability to measure gas usage on a daily basis for purposes of applying the Nomination and Balancing Provisions. Customer shall reimburse Company for the cost of such meters and appurtenances. Transportation Customer shall provide and maintain on the Premises at the Company's meter location electric and telephone service as required by Company for the operation of Company-owned electronic gas measurement devices and related communications equipment.

All volumes of natural gas transported hereunder shall be of the same quality and meet the same specifications as that delivered to the Company by the Company's own pipeline transporter.

Effective: _____

RATE 6
SCHOOL TRANSPORTATION SERVICE
(continued)

GAS TRANSPORTATION PROVISIONS (cont.)

Transportation Customer must have clear title and all required regulatory approvals to the gas that is to be transported and provided for gas delivery to a mutually agreeable point of receipt on the Company's system.

Transportation Customer may return to firm sales service upon thirty (30) days notice provided the Company can secure appropriate quantities of gas supply and capacity from the Company's pipeline transporter to supply said sales service. A Customer that has returned from transportation service to sales service must remain on sales service for not less than twelve months before returning to Transportation Service.

Customer shall reimburse Company for all charges incurred in connection with transportation of Customer's gas including any gas costs, penalty charges, or cashouts. In addition, the Customer shall indemnify the Company against all damages incurred as a result of Customer's actions.

Should Customer be unable to deliver sufficient volumes of transportation gas to the Company's system, Company will not be obligated hereunder to provide standby quantities for purposes of supplying such Customer's requirements.

Company shall not be required to render service under this rate schedule to any Customer that fails to comply with any and all of the terms and conditions of this rate schedule.

The gas transported shall be the same quality as the Company's pipeline supplier is required to furnish to the Company.

A customer's prior delinquencies must be cured prior to commencing participating in School Transportation Service, unless otherwise agreed to in advance by Company.

The School Corporation shall designate how partial bills, late payment charges, nomination and balancing charges, and other similar charges shall be prorated between each School Corporation Customer. If the School Corporation fails to so designate, Company shall prorate such charges between the School Corporation Customers using its reasonable discretion.

CURTAILMENT PROVISIONS

In the event of any actual or threatened shortage of natural gas, due to any cause whatsoever, (including curtailments of total gas deliveries required to comply with supply contract limitations), the Company shall have the right to require such

Effective: _____

Indiana Utilities Corporation
Corydon, Indiana
Tariff for Gas Service

I.U.R.C. No. G-11
Original Sheet No. 18

RATE 6
SCHOOL TRANSPORTATION SERVICE
(continued)

CURTAILMENT PROVISIONS (cont.)

curtailment or interruption of gas usage as it deems necessary to avoid impairment of its gas supply to Customers served under its firm sales service rate schedules. When a curtailment is in effect pursuant to this section, gas usage by the Customer in excess of the quantity permitted for such Customer shall constitute Unauthorized Gas Usage and shall be subject to the Unauthorized Gas Usage Charge set forth in the General Terms and Conditions of this Tariff for Gas Service.

SUMMARY BILLING

Upon request from a School Corporation, the rates and charges for providing service to each School Corporation Customer in the School Corporation shall be summarized on one summary bill for remitting payment to the Utility. Each School Corporation Customer shall remain responsible for the amount of its bill. A monthly charge of \$50.00 shall be added for each summary bill to cover the administrative costs of performing the summary billing. All School Corporation Customers utilizing Summary Billing will have their billing cycles adjusted to a calendar month basis.

TERMS AND CONDITIONS

Service hereunder shall be subject to the Company's General Terms and Conditions and to the Rules, Regulations and Standards of Service for Gas Public Utilities prescribed by the Indiana Utility Regulatory Commission from time to time.

Effective: _____

Indiana Utilities Corporation
Corydon, Indiana
Tariff for Gas Service

I.U.R.C. No. G-11
Original Sheet No. 50

APPENDIX A
GAS COST ADJUSTMENT

Effective for Billing Cycle: _____ through _____.

Cause No. 37357-GCA _____

Approved: _____

The Rate Adjustment for the following Rates shall be on the basis of a Rate Tracking Factor, or Gas Cost Adjustment ("GCA"), occasioned solely by changes in the cost of purchased gas in accordance with the Orders of the Indiana Utility Regulatory Commission approved in Cause No. 37091 as follows:.

<u>Rate Schedule</u>	<u>Service</u>	<u>GCA Rate</u> <u>(\$ per Dth)</u>
Rate 1 - General Sales Sales	Sales	\$0.xxxx
Rate 2 - Large Commercial	Sales	\$0.xxxx
Rate 3 - Industrial Sales Service	Sales	\$0.xxxx

Current base rates effective _____, in accordance with the Indiana Utility Regulatory Commission Order Issued under Cause No. 43520.

Effective: _____

Indiana Utilities Corporation
Corydon, Indiana
Tariff for Gas Service

I.U.R.C. No. G-11
Original Sheet No. 51

APPENDIX B
BASE COST OF GAS

The base rate cost of gas utilized in the calculation of the Gas Cost Adjustment rates specified on Appendix A and in accordance with the Order of the Indiana Utility Regulatory Commission in Cause No. 43520 is \$0.0000 per dekatherm.

Effective: _____

APPENDIX C **OTHER CHARGES**

Reconnect Charge:

When Gas Service is discontinued (1) at the request of Customer, (2) for nonpayment of a bill, (3) when authorized by Company's General Terms and Conditions or the Commission's Regulations, or (4) for any reason beyond the control of Company, and a reestablishment of Gas Service is required by Customer, Customer shall be charged a Reconnect Charge to cover a part of the cost of discontinuance and reestablishment of Gas Service. Such charge shall be forty dollars (\$40.00). In addition, when Gas Service is reconnected or disconnected after normal working hours at Customer's request, Customer shall be charged an After Hours Charge as set forth below for each reconnection or disconnection.

A charge equal to the Customer Charge for each month of discontinued Gas Service will also be made for re-establishing Gas Service for the same Customer at the same Premises where Gas Service has been discontinued at the Customer's request during the preceding nine months. The minimum Customer Charge Assessment under the provisions of this paragraph shall be one month's Customer Charge.

After Hours Charge:

When Gas Service is initially connected, reconnected or disconnected after normal business hours at Customer's request, Customer shall be charged an After Hours Charge of thirteen dollars (\$13.00) in addition to any other applicable charges for each connection, reconnection or disconnection.

Insufficient Funds Check Charge:

For each check of Customer returned by any bank due to insufficient funds, Customer shall be charged fifteen dollars (\$15.00) to cover a part of the cost of processing such check.

Unauthorized Gas Usage Charge:

Gas usage by Customer during a Curtailment Period in excess of the quantity allowed shall be considered Unauthorized Gas Usage and shall be subject to the Unauthorized Gas Charge of fifty dollars (\$50.00) per dekatherm. Company shall have the right to waive all or a portion of the Unauthorized Gas Usage Charge otherwise applicable to any Customer, provided that waiver of such charge shall be exercised on a non-discriminatory basis.

Effective: _____

APPENDIX D

NOMINATION AND BALANCING PROVISIONS

The following Provisions shall apply to individual Customers being provided Transportation Service under Rates 4, 5 and 6.

NOMINATION PROVISIONS

The Customer shall be obligated to notify Company of the exact daily quantity of its nomination to the delivering pipeline of Customer-owned gas to be delivered to Company at pipeline delivery points agreeable to Company (Daily Pipeline Nomination). Customer must provide the notice specified above prior to each change in Customer's Daily Pipeline Nomination by submitting to Company the nomination via facsimile, by no later than 10:00 AM Central Clock Time ("CCT") of the workday previous to the start date of the Daily Pipeline Nomination. Company may accept nominations submitted after the deadlines specified above within its reasonable discretion. Until Customer submits the required nomination, Customer's nominations of daily quantities shall be zero.

The nomination form shall include the following information:

1. Start and end dates of nomination (Nomination Period);
2. Daily quantity, in dekatherms, of Customer's Daily Pipeline Nomination (Daily Transportation Nomination) along with;
 - a. Delivering pipeline;
 - b. Shipper on the delivering pipeline;
 - c. Transportation contract number;
 - d. The pipeline delivery points and quantities; and
 - e. Any other information reasonably required by company to properly identify and apply Customer's Daily Transportation Nomination.

Unless otherwise permitted by Company, the Nomination Period shall not exceed thirty-one days. When Customer is not the shipper on a pipeline, Customer shall cause the shipper to provide Company with a written statement detailing Customer's actual deliveries under Customer's Daily Pipeline Nomination during each Nomination Period by no later than one day following the end of the billing month.

Customer shall pay a **NOMINATION ERROR CHARGE** of \$0.50 per dekatherm on the quantity difference between Customer's Daily Transportation Nomination and the actual deliveries under Customer's Daily Pipeline Nomination for each day such difference occurs.

BALANCING PROVISIONS

Customer shall be obligated to balance its total usage with the total deliveries of Customer-owned gas by the pipeline, as adjusted for prior month Over-Delivery Gas made available to Customer on an average daily basis or prior month Under-Delivery Gas made up by Customer on an average daily basis. An imbalance Quantity shall exist when the Customer's total usage is

Effective: _____

APPENDIX D

NOMINATION AND BALANCING PROVISIONS

(continued)

BALANCING PROVISIONS (cont.)

greater than or less than its total deliveries on a daily basis and/or a monthly basis. For purposes of applying the Daily and Monthly Balancing Provisions, the following definitions shall apply:

Daily Index Price: The Daily Midpoint Prices as reported in Gas Daily in the table "Daily Price Survey", for delivery in Louisiana-Onshore South.

Monthly Index Price: The monthly index reported in Inside FERC's Gas Market Report, in the table "Prices of Spot Gas Delivered to Interstate Pipelines."

Daily Imbalance Provisions: Customer shall pay Company the following Daily Imbalance Charge on the portion of the Daily Imbalance Quantity that is greater than 10% of Total Daily Usage.

- 0.2 times the Daily Index Price on the portion of the Daily Imbalance Quantity that is greater than 10%, up to and including 20% of Total Daily Usage; plus
- 0.4 times the Daily Index Price on the portion of the Daily Imbalance Quantity that is greater than 20% of Total Daily Usage.

During an Operational Flow Order ("OFO"), the aforementioned Daily Balancing Provisions will be replaced by those specified in the section entitled Operational Flow Orders. During a Warm Weather OFO, Daily Under-Delivery Imbalance Quantities shall not be assessed the Daily Imbalance Charge. During a Cold Weather OFO, Daily Over-Delivery Imbalance Quantities shall not be assessed the Daily Imbalance Charge.

Monthly Imbalance Provisions: Monthly Imbalance Quantities shall be carried forward to the following month and shall be considered to be received from Customer on an average daily basis in the following month. Customer shall pay Company the following Monthly Imbalance Charge on the portion of the Monthly Imbalance Quantity that is greater than 5% of Total Monthly Usage:

- 0.2 times the Monthly Index Price on the portion of the Monthly Imbalance Quantity that is greater than 5%, up to and including 15% of actual usage, plus
- 0.4 times the Monthly Index Price on the portion of the Monthly Imbalance Quantity that is greater than 15% of actual usage.

OPERATIONAL FLOW ORDERS

Customer agrees, when requested by the Company through an Operational Flow Order ("OFO"), to nominate and deliver gas supply to the Company's city gate in the manner instructed by the Company. Company may call a Cold Weather OFO or a Warm Weather OFO where such action is necessary, in the Company's sole judgment, to (1) protect the reliability of the Company's gas system; (2) assure deliveries of gas supplies to all of the Company's Firm Customers, (3) adhere to the various interstate pipeline companies' balancing requirements, as stated in their FERC-approved gas tariffs under which the Company is served, and/or (4) avoid high priced daily purchases detrimental to system supply Sales Customers.

Effective: _____

APPENDIX D
NOMINATION AND BALANCING PROVISIONS
(continued)

OPERATIONAL FLOW ORDERS (cont.)

During an Operational Flow Order Under-Deliveries or Over-Deliveries in excess of the quantity allowed shall be subject to an OFO Daily Imbalance Charge of fifteen dollars (\$15.00) per dekatherm in addition to the normally applicable Daily Imbalance Charge.

WAIVER OF CHARGES

In its reasonable discretion, on a case-by-case basis, Company may waive all or part of any Charge assessable to Customer pursuant to this Appendix D, provided, however, that the waiver of such Charge shall be exercised on a non-discriminatory basis.

Effective: _____

APPENDIX E

NORMAL TEMPERATURE ADJUSTMENT

The Distribution Charge volumes to Rate 1, Rate 2 and Rate 6 customers shall be increased or decreased monthly by a factor hereinafter described as the Normal Temperature Adjustment Factor ("NTAF"), to reverse the impact on margin recovery caused by non-normal temperatures during the billing period, as measured by actual heating degree day variations from normal heating degree days.

A Normal Temperature Adjustment Factor shall be utilized during the October through April billing months to calculate the NTA-adjusted Distribution Charge sales volumes of the bills of all Rate 1, Rate 2 and Rate 6 heating customers. The NTA Adjusted Volumes shall be used to calculate the non-gas cost portion of the bills of all applicable customers. The actual unadjusted volumes shall be used to calculate the gas cost portion of the bills.

Each applicable Customer's monthly sales volume used to calculate the non-gas cost portion of the bill shall be determined as follows:

$$\text{NTA Adjusted Therms} = \text{Actual Unadjusted Therms} \times \text{NTA Factor}$$

NTA FACTOR COMPUTATION

The NTA Factor ("NTAF") for each applicable customer class shall be determined as follows:

$$\text{NTAF} = \frac{\text{Weather Normalized Consumption ("WNC") for Customer Class Billing Cycle}}{\text{Actual Consumption for Customer Class Billing Cycle}}$$

WEATHER NORMALIZED CONSUMPTION ("WNC")

The Weather Normalized Consumption ("WNC") for each applicable customer class shall be determined as follows:

$$\text{WNC} = \frac{[\text{Actual Usage} - \text{Base Load Usage}] \times \text{Normal Degree Days} + \text{Base Load Usage}}{\text{Actual Degree Days}}$$

BASE LOAD THERMS

Base Load Therms shall be the applicable Customer Classes' average daily therms usage for the previous summer months (months of July and August) multiplied by the number of days in the billing period.

NORMAL AND ACTUAL DEGREE DAYS

Normal Degree Days for each Customer's billing period shall be as set forth in the tables on the following pages.

Actual Degree Days for each Customer's billing period shall be taken from the actual heating degree days reported each day by the National Weather Service.

Normal Degree Days and Actual Degree Days are based on Heating Degree Days as reported for Louisville, Kentucky.

Effective: _____

APPENDIX E
NORMAL TEMPERATURE ADJUSTMENT
NORMAL DEGREE DAYS (NDD) - NON-LEAP YEAR

Date	NDD	Date	NDD	Date	NDD	Date	NDD	Date	NDD	Date	NDD
Jul 1	0	Aug 22	0	Oct 13	7	Dec 4	24	Jan 25	32	Mar 18	18
Jul 2	0	Aug 23	0	Oct 14	7	Dec 5	24	Jan 26	32	Mar 19	17
Jul 3	0	Aug 24	0	Oct 15	7	Dec 6	24	Jan 27	32	Mar 20	17
Jul 4	0	Aug 25	0	Oct 16	8	Dec 7	25	Jan 28	32	Mar 21	17
Jul 5	0	Aug 26	0	Oct 17	8	Dec 8	25	Jan 29	32	Mar 22	16
Jul 6	0	Aug 27	0	Oct 18	8	Dec 9	25	Jan 30	31	Mar 23	16
Jul 7	0	Aug 28	0	Oct 19	9	Dec 10	26	Jan 31	31	Mar 24	16
Jul 8	0	Aug 29	0	Oct 20	9	Dec 11	26	Feb 1	31	Mar 25	15
Jul 9	0	Aug 30	0	Oct 21	9	Dec 12	26	Feb 2	31	Mar 26	15
Jul 10	0	Aug 31	0	Oct 22	9	Dec 13	26	Feb 3	31	Mar 27	15
Jul 11	0	Sep 1	0	Oct 23	10	Dec 14	27	Feb 4	31	Mar 28	14
Jul 12	0	Sep 2	0	Oct 24	10	Dec 15	27	Feb 5	30	Mar 29	14
Jul 13	0	Sep 3	0	Oct 25	10	Dec 16	27	Feb 6	30	Mar 30	14
Jul 14	0	Sep 4	0	Oct 26	11	Dec 17	27	Feb 7	30	Mar 31	14
Jul 15	0	Sep 5	0	Oct 27	11	Dec 18	28	Feb 8	30	Apr 1	13
Jul 16	0	Sep 6	0	Oct 28	11	Dec 19	28	Feb 9	29	Apr 2	13
Jul 17	0	Sep 7	0	Oct 29	12	Dec 20	28	Feb 10	29	Apr 3	13
Jul 18	0	Sep 8	0	Oct 30	12	Dec 21	28	Feb 11	29	Apr 4	12
Jul 19	0	Sep 9	0	Oct 31	12	Dec 22	29	Feb 12	29	Apr 5	12
Jul 20	0	Sep 10	0	Nov 1	13	Dec 23	29	Feb 13	28	Apr 6	12
Jul 21	0	Sep 11	1	Nov 2	13	Dec 24	29	Feb 14	28	Apr 7	12
Jul 22	0	Sep 12	1	Nov 3	13	Dec 25	29	Feb 15	28	Apr 8	11
Jul 23	0	Sep 13	1	Nov 4	14	Dec 26	30	Feb 16	28	Apr 9	11
Jul 24	0	Sep 14	1	Nov 5	14	Dec 27	30	Feb 17	27	Apr 10	11
Jul 25	0	Sep 15	1	Nov 6	14	Dec 28	30	Feb 18	27	Apr 11	10
Jul 26	0	Sep 16	1	Nov 7	15	Dec 29	30	Feb 19	27	Apr 12	10
Jul 27	0	Sep 17	1	Nov 8	15	Dec 30	31	Feb 20	26	Apr 13	10
Jul 28	0	Sep 18	1	Nov 9	15	Dec 31	31	Feb 21	26	Apr 14	10
Jul 29	0	Sep 19	1	Nov 10	16	Jan 1	31	Feb 22	26	Apr 15	9
Jul 30	0	Sep 20	2	Nov 11	16	Jan 2	31	Feb 23	26	Apr 16	9
Jul 31	0	Sep 21	2	Nov 12	16	Jan 3	31	Feb 24	25	Apr 17	9
Aug 1	0	Sep 22	2	Nov 13	17	Jan 4	32	Feb 25	25	Apr 18	9
Aug 2	0	Sep 23	2	Nov 14	17	Jan 5	32	Feb 26	24	Apr 19	8
Aug 3	1	Sep 24	2	Nov 15	17	Jan 6	32	Feb 27	24	Apr 20	8
Aug 4	0	Sep 25	2	Nov 16	18	Jan 7	32	Feb 28	24	Apr 21	8
Aug 5	0	Sep 26	3	Nov 17	18	Jan 8	32	Mar 1	23	Apr 22	8
Aug 6	0	Sep 27	3	Nov 18	18	Jan 9	32	Mar 2	23	Apr 23	7
Aug 7	0	Sep 28	3	Nov 19	19	Jan 10	32	Mar 3	23	Apr 24	7
Aug 8	0	Sep 29	3	Nov 20	19	Jan 11	32	Mar 4	22	Apr 25	7
Aug 9	0	Sep 30	3	Nov 21	20	Jan 12	32	Mar 5	22	Apr 26	7
Aug 10	0	Oct 1	4	Nov 22	20	Jan 13	32	Mar 6	22	Apr 27	6
Aug 11	0	Oct 2	4	Nov 23	20	Jan 14	32	Mar 7	21	Apr 28	6
Aug 12	0	Oct 3	4	Nov 24	21	Jan 15	33	Mar 8	21	Apr 29	6
Aug 13	0	Oct 4	4	Nov 25	21	Jan 16	33	Mar 9	21	Apr 30	6
Aug 14	0	Oct 5	5	Nov 26	21	Jan 17	33	Mar 10	20	May 1	5
Aug 15	0	Oct 6	5	Nov 27	21	Jan 18	33	Mar 11	20	May 2	5
Aug 16	0	Oct 7	5	Nov 28	22	Jan 19	33	Mar 12	20	May 3	5
Aug 17	0	Oct 8	5	Nov 29	22	Jan 20	32	Mar 13	19	May 4	5
Aug 18	0	Oct 9	6	Nov 30	22	Jan 21	32	Mar 14	19	May 5	4
Aug 19	0	Oct 10	6	Dec 1	23	Jan 22	32	Mar 15	19	May 6	4
Aug 20	0	Oct 11	6	Dec 2	23	Jan 23	32	Mar 16	18	May 7	4
Aug 21	0	Oct 12	6	Dec 3	23	Jan 24	32	Mar 17	18	May 8	4
										Jun 9	4
										May 10	4
										May 11	3
										May 12	3
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										May 14	3
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										May 16	3
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										Jun 26	0
										Jun 27	0
										Jun 28	0
										Jun 29	0
										Jun 30	0

Effective: _____

APPENDIX E
NORMAL TEMPERATURE ADJUSTMENT
NORMAL DEGREE DAYS (NDD) - LEAP YEAR

Date	NDD	Date	NDD	Date	NDD	Date	NDD	Date	NDD	Date	NDD	Date	NDD
Jul 1	0	Aug 22	0	Oct 13	7	Dec 4	24	Jan 25	32	Mar 17	18	May 9	4
Jul 2	0	Aug 23	0	Oct 14	7	Dec 5	24	Jan 26	32	Mar 18	17	May 10	3
Jul 3	0	Aug 24	0	Oct 15	7	Dec 6	24	Jan 27	32	Mar 19	17	May 11	3
Jul 4	0	Aug 25	0	Oct 16	8	Dec 7	25	Jan 28	32	Mar 20	17	May 12	3
Jul 5	0	Aug 26	0	Oct 17	8	Dec 8	25	Jan 29	32	Mar 21	16	May 13	3
Jul 6	0	Aug 27	0	Oct 18	8	Dec 9	25	Jan 30	31	Mar 22	16	May 14	3
Jul 7	0	Aug 28	0	Oct 19	9	Dec 10	26	Jan 31	31	Mar 23	16	May 15	3
Jul 8	0	Aug 29	0	Oct 20	9	Dec 11	26	Feb 1	31	Mar 24	15	May 16	2
Jul 9	0	Aug 30	0	Oct 21	9	Dec 12	26	Feb 2	31	Mar 25	15	May 17	2
Jul 10	0	Aug 31	0	Oct 22	9	Dec 13	26	Feb 3	31	Mar 26	15	May 18	2
Jul 11	0	Sep 1	0	Oct 23	10	Dec 14	27	Feb 4	31	Mar 27	14	May 19	2
Jul 12	0	Sep 2	0	Oct 24	10	Dec 15	27	Feb 5	30	Mar 28	14	May 20	2
Jul 13	0	Sep 3	0	Oct 25	10	Dec 16	27	Feb 6	30	Mar 29	14	May 21	2
Jul 14	0	Sep 4	0	Oct 26	11	Dec 17	27	Feb 7	30	Mar 30	14	May 22	2
Jul 15	0	Sep 5	0	Oct 27	11	Dec 18	28	Feb 8	30	Mar 31	13	May 23	1
Jul 16	0	Sep 6	0	Oct 28	11	Dec 19	28	Feb 9	29	Apr 1	13	May 24	1
Jul 17	0	Sep 7	0	Oct 29	12	Dec 20	28	Feb 10	29	Apr 2	13	May 25	1
Jul 18	0	Sep 8	0	Oct 30	12	Dec 21	28	Feb 11	29	Apr 3	12	May 26	1
Jul 19	0	Sep 9	0	Oct 31	12	Dec 22	29	Feb 12	29	Apr 4	12	May 27	1
Jul 20	0	Sep 10	0	Nov 1	13	Dec 23	29	Feb 13	28	Apr 5	12	May 28	1
Jul 21	0	Sep 11	1	Nov 2	13	Dec 24	29	Feb 14	28	Apr 6	12	May 29	1
Jul 22	0	Sep 12	1	Nov 3	13	Dec 25	29	Feb 15	28	Apr 7	11	May 30	1
Jul 23	0	Sep 13	1	Nov 4	14	Dec 26	30	Feb 16	28	Apr 8	11	May 31	1
Jul 24	0	Sep 14	1	Nov 5	14	Dec 27	30	Feb 17	27	Apr 9	11	Jun 1	1
Jul 25	0	Sep 15	1	Nov 6	14	Dec 28	30	Feb 18	27	Apr 10	10	Jun 2	1
Jul 26	0	Sep 16	1	Nov 7	15	Dec 29	30	Feb 19	27	Apr 11	10	Jun 3	1
Jul 27	0	Sep 17	1	Nov 8	15	Dec 30	31	Feb 20	26	Apr 12	10	Jun 4	1
Jul 28	0	Sep 18	1	Nov 9	15	Dec 31	31	Feb 21	26	Apr 13	10	Jun 5	1
Jul 29	0	Sep 19	1	Nov 10	16	Jan 1	31	Feb 22	26	Apr 14	9	Jun 6	0
Jul 30	0	Sep 20	2	Nov 11	16	Jan 2	31	Feb 23	26	Apr 15	9	Jun 7	0
Jul 31	0	Sep 21	2	Nov 12	16	Jan 3	31	Feb 24	25	Apr 16	9	Jun 8	0
Aug 1	0	Sep 22	2	Nov 13	17	Jan 4	32	Feb 25	25	Apr 17	9	Jun 9	0
Aug 2	0	Sep 23	2	Nov 14	17	Jan 5	32	Feb 26	24	Apr 18	8	Jun 10	0
Aug 3	1	Sep 24	2	Nov 15	17	Jan 6	32	Feb 27	24	Apr 19	8	Jun 11	0
Aug 4	0	Sep 25	2	Nov 16	18	Jan 7	32	Feb 28	24	Apr 20	8	Jun 12	0
Aug 5	0	Sep 26	3	Nov 17	18	Jan 8	32	Feb 29	23	Apr 21	8	Jun 13	0
Aug 6	0	Sep 27	3	Nov 18	18	Jan 9	32	Mar 1	23	Apr 22	7	Jun 14	0
Aug 7	0	Sep 28	3	Nov 19	19	Jan 10	32	Mar 2	23	Apr 23	7	Jun 15	0
Aug 8	0	Sep 29	3	Nov 20	19	Jan 11	32	Mar 3	22	Apr 24	7	Jun 16	0
Aug 9	0	Sep 30	3	Nov 21	20	Jan 12	32	Mar 4	22	Apr 25	7	Jun 17	0
Aug 10	0	Oct 1	4	Nov 22	20	Jan 13	32	Mar 5	22	Apr 26	6	Jun 18	0
Aug 11	0	Oct 2	4	Nov 23	20	Jan 14	32	Mar 6	21	Apr 27	6	Jun 19	0
Aug 12	0	Oct 3	4	Nov 24	21	Jan 15	33	Mar 7	21	Apr 28	6	Jun 20	0
Aug 13	0	Oct 4	4	Nov 25	21	Jan 16	33	Mar 8	21	Apr 29	6	Jun 21	0
Aug 14	0	Oct 5	5	Nov 26	21	Jan 17	33	Mar 9	20	Apr 30	5	Jun 22	0
Aug 15	0	Oct 6	5	Nov 27	21	Jan 18	33	Mar 10	20	May 1	5	Jun 23	0
Aug 16	0	Oct 7	5	Nov 28	22	Jan 19	33	Mar 11	20	May 2	5	Jun 24	0
Aug 17	0	Oct 8	5	Nov 29	22	Jan 20	32	Mar 12	19	May 3	5	Jun 25	0
Aug 18	0	Oct 9	6	Nov 30	22	Jan 21	32	Mar 13	19	May 4	4	Jun 26	0
Aug 19	0	Oct 10	6	Dec 1	23	Jan 22	32	Mar 14	19	May 5	4	Jun 27	0
Aug 20	0	Oct 11	6	Dec 2	23	Jan 23	32	Mar 15	18	May 6	4	Jun 28	0
Aug 21	0	Oct 12	6	Dec 3	23	Jan 24	32	Mar 16	18	May 7	4	Jun 29	0
										May 8	4	Jun 30	0

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**GENERAL RULES AND REGULATIONS
APPLICABLE TO GAS SERVICE**

1. **COMMISSION'S RULES AND REGULATIONS.** All gas service supplied by the company shall be subject to the Rules and Standards of Service for Public Gas Utilities in Indiana prescribed by the Public Service Commission now the Indiana Utility Regulatory Commission and promulgated in Commission Order 38591 effective April 19, 1989, 170 IAC 5-1.
2. **COMPANY RULES AND REGULATIONS.** In addition to the rules and regulations of the Commission, all gas service supplied by the Company shall be in accordance with these "General Rules and Regulations Governing the Supply of Gas Service" which shall constitute a part of all applications and contracts for service.
3. **RATES, RULES, AND REGULATIONS ON FILE.** In accordance with 170 IAC 5-1-28, a copy of the rate schedules, rules and regulations under which gas service is supplied is on file with the Indiana Utility Regulatory Commission. A copy thereof together with the rules and regulations of the Commission is available for public inspection in the office of the Company.
4. **APPLICATION FOR SERVICE.** A written application or contract, properly executed, may be required before the Company is obligated to render gas service. Company shall have the right to reject for valid reasons any such application or contract. Valid reasons shall include unsafe conditions or a previous bill; both conditions are described in 170 IAC 5-1-16, the Company may deny or reject the connection of the customer. The Company may require a long-term contract providing for annual revenue guarantee or other special conditions when an unusual expenditure for construction or equipment is necessary to furnish the customer with service.
5. **TRANSFER OF APPLICATION.** Applications for gas service are not transferable, and new occupants of premises will be required to make application for service before commencing the uses of gas.
6. **DISCONTINUANCE OF SERVICE.** In accordance with 5-1-16(a), a customer shall notify the Company at least three (3) days prior to the day disconnection is desired. The customer shall remain responsible for all service used until such service is disconnected following such notice. The Company upon request of the customer shall disconnect service within three working days of the requested disconnection date. The customer shall not be liable for any such service rendered after the expiration of three (3) such days.
7. **CUSTOMER DEPOSITS.** The Company may require a present customer to make a reasonable cash deposit based upon the criteria set forth in 170 IAC 5-1-15(C). If a prospective customer fails to establish that he is creditworthy, in accordance with the criteria set forth in 170 IAC 5-1-15(B), the Company may require a cash deposit by the customer. In either of the aforementioned cases, the cash deposit shall not exceed 1/3 of the estimated annual cost of service to be rendered, unless the customer or applicant has contracted for the "budget plan," in which case the amount of the cash deposit shall not exceed the equivalent of two (2) monthly budget payments. However, if the deposit is

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GENERAL RULES AND REGULATIONS APPLICABLE TO GAS SERVICE

greater than \$70, customer shall be permitted to pay such deposit in equal installments over a period of eight weeks.

Such deposit shall bear simple interest at the rate of six per cent (6%) per annum, payable at the time the deposit is refunded to the depositor, provided said deposit remains with Company for a period of twelve (12) months or longer. Deposits shall cease to bear interest upon discontinuance of service.

Retention of said deposit by Company, prior to final settlement, shall not be considered as payment or part payment of any bill for service. However, Company may apply said deposit against unpaid bills for service; and in such case, customer will be required to restore deposit to original amount before service is re-established.

Any deposit or accrued interest will be refunded upon satisfactory payment by the customer for a period of either twelve successive months or twelve out of any fifteen consecutive months provided that the customer did not make late payment for any two consecutive months. Following customer-required termination of service, the Company will apply the deposit, plus accrued interest, to the final bill and the balance (if any) will be returned to the customer or upon specific request from the customer, the Company will refund the deposit plus accrued interest within fifteen (15) days after payment of the final bill.

8. **PAYMENT OF BILLS.** Bills will be rendered monthly and must be paid at the office of the Company during business hours. If a bill is not paid by the due date thereof as stated in the bill, the customer shall be considered delinquent in payment and the Company may, upon fourteen (14) days written notice in accordance with 170 IAC 5-1-16(e), discontinue service. When the due date falls on Saturday, Sunday, or any legal holiday, the first business day thereafter shall be added to the due date. Failure to receive bill shall not entitle the customer to pay the net bill if he fails to make payment by the due date, nor shall it affect the right of the Company to discontinue service for non-payment of bill as provided above.

9. **RECONNECTION CHARGES AND BAD CHECKS.** When service is turned off for non-payment of a bill, a Reconnection Charge will be assessed and collected before service is restored, pursuant to the provisions of Appendix C, Other Charges..

Customers desiring temporary suspension of service shall pay a Reconnection Charge to cover part of the cost of discontinuance and reestablishment of their service, pursuant to the provisions of Appendix C, Other Charges.

When a customer issues a check for gas service that is returned by the bank for "insufficient funds," an Insufficient Funds Check Charge will be assessed, pursuant to the provisions of Appendix C, Other Charges..

10. **EXTENSION OF GAS MAINS AND FACILITIES.** Upon written request for gas service by a prospective customer or a group of prospective customers located in the same neighborhood, the Company will extend free of charge its facilities consisting of distribution

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GENERAL RULES AND REGULATIONS APPLICABLE TO GAS SERVICE

mains, underground service pipes, meters, and other equipment necessary to provide the service requested, provided (a) that the total estimated revenue from the prospective customer or customers for a period of three (3) years is equivalent to or in excess of the estimated cost of providing such facilities and (b) the patronage or demand is of such permanency as to warrant the capital expenditure involved.

If the cost of the facilities consisting of distribution mains, underground service pipes, meters and other equipment necessary to provide the service requested exceeds the free limit, the Company may require a deposit of the cost of the extension above the free limit and will in such case, for each additional customer connected to the extension within a period of six years from the making of such extensions, refund an amount by which three times the estimated annual revenue of the new customer exceeds the cost of connecting such new customer, but at no time shall the aggregate refund made to any customer exceed the original deposit of such customer.

If the extension is of such length, and the prospective business which may be developed by it is so meager as to make it doubtful whether the business from the extension would ever pay a fair return on the investment involved in such extension, or in the case of real estate development enterprises with slight or no immediate demand for service, or in the case of industrial installations requiring extensive equipment with slight or irregular service, such main extension will be made as provided for in 170 IAC 5-1-27(C)(2).

The obligation of the Company to provide an extension, however, is conditioned upon the ability of the Company to obtain all necessary materials, including pipe, fittings, and meters necessary to make the extension without exceeding the limitations regarding the use of such materials as might be promulgated by any governmental agency having jurisdiction thereof.

Subject to the provisions of these extension rules, the Company will locate the point to which customer's service connection will be made and will furnish, install, and maintain all underground service piping and appurtenant equipment up to the inlet of the meter. Risers in buildings where meters are set above the first floor shall be furnished and maintained by the customer.

11. **INSIDE PIPING AND EQUIPMENT.** An applicant for service must at his own expense equip his premises with all necessary piping from the outlet of the meter to all appliance outlets, which piping shall be constructed and maintained in accordance with standard building codes and with rules and regulations of the Company and shall be maintained by the customer in good and safe condition. The Company assumes no responsibility whatever for the condition of the customer's piping, apparatus, or appliances nor for the inspection, maintenance, or renewal of any portion thereof.
12. **LOCATION OF COMPANY'S METER AND SERVICES.** In accordance with 170 IAC 5-1-5, the customer shall provide free of expense to the Company, near the service entrance, a suitable place for the meter, or meters and any necessary appurtenant devices which may be furnished by the Company.

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**GENERAL RULES AND REGULATIONS
APPLICABLE TO GAS SERVICE**

13. **METERING.** All gas used on the customer's premises shall be measured by a meter, or meters, of standard manufacture installed and maintained by the Company.

If more than one meter is installed for metering different classes of service, a separate bill shall be rendered for each meter in accordance with applicable rates.

When, for the convenience of the Company, or to meet legal requirements, more than one meter is installed for metering the same class of service on one premise, the sum of the measurements of all such meters shall be used in calculating the bill.

Unless otherwise specified in customer's contract, meter readings will be taken monthly. A month as referred to herein and in Company's rate schedules means the period between two consecutive meter readings, such readings to be taken as nearly as feasible thirty days apart.

14. **STANDARD PRESSURE AND MEASUREMENT BASE.** The standard distribution pressure of the gas supplied by the Company is four ounces per square inch above atmospheric pressure. Atmospheric pressure shall be assumed in all gases to be 14.4 pounds per square inch and temperature shall be assumed to be 60 degrees Fahrenheit; provided, however, the Company reserves the right for billing purposes to correct as necessary the actual temperature to a 60 degree Fahrenheit basis in the case of large volume customers.

All gas measured at pressures higher than the standard pressure shall be converted to a pressure base of 14.65 pounds per square inch absolute for billing purposes.

15. **EQUIPMENT LOCATION PERMIT.** The customer shall obtain from the property owners and deliver to the Company, on forms to be supplied by the Company, the necessary easements, consent or consents authorizing the installation and maintenance on, over, or through all private property of all such piping or equipment as may be necessary or convenient for the supplying of the gas to be furnished by the Company.

16. **COMPANY'S PROPERTY AND PROTECTION THEREOF.** All meters and other equipment furnished by and at the expense of Company, which may at any time be on or in customer's premises shall, unless otherwise expressly provided, be and remain the property of the Company, and the customer shall protect such property from loss or damage, and no one who is not an agent of the Company shall be permitted to remove such property or tamper therewith.

17. **ACCESS TO PREMISES AND EQUIPMENT.** The properly authorized agents of the Company shall have the right to enter upon the customer's premises at all reasonable times for the purpose of reading, inspection, testing, repairing, or replacing the meter or meters or other equipment used in connection with its service or for the purpose of removing same upon the termination of contract or discontinuance of the service.

18. **COMPANY NOT LIABLE FOR DAMAGE ON CUSTOMER'S PREMISES.** The Company is merely a supplier of gas service delivered to the customer's premises and shall not be

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GENERAL RULES AND REGULATIONS APPLICABLE TO GAS SERVICE

liable for and shall be protected and held harmless for any injury or damage to persons or property of the customer or of third persons resulting from the presence, use or abuse of gas on the customer's premises or resulting from defects in or accidents to any of customer's piping, apparatus, or appliances, or resulting from any cause whatsoever other than the negligence of the Company.

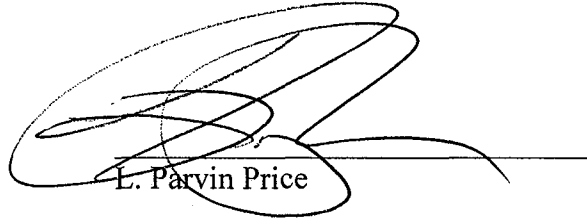
19. **COMPANY NOT LIABLE FOR INTERRUPTIONS.** The Company will exercise reasonable care and diligence in an endeavor to supply gas service continuously and without interruption, except as provided in the terms of certain rate schedules and contracts; however, the Company does not guarantee continuous service and shall not be liable for any loss or damage resulting from the interruption, reduction, delay or failure of gas service not caused by willful negligence of Company, or resulting from any cause or circumstance beyond the reasonable control of the Company.
20. **FAILURE OF METER.** Whenever it is discovered by routine maintenance, request of the customer or periodic testing as provided for in 170 IAC 5-1-9 that a meter is not recording within the limits of accuracy as prescribed in 170 IAC 5-1-6 and in the rules and regulations of the Indiana Utility Regulatory Commission, adjustment shall be made in accordance with 170 IAC 5-1-14 and such rules.
21. **RESALE OF GAS.** Gas service furnished by the Company is for the use of the customer only, and no person shall resell same to any person, firm, or corporation on the customer's premises or for use on any other premises without the express written consent of the Company.
22. **COMPANY'S RESERVED RIGHT TO SHUT OFF GAS SUPPLY.** The Company reserves the right to shut off the supply of gas without notice for any of the following reasons: (1) for emergency repairs; (2) for want of supply; (3) for interference and/or tampering by anyone other than an authorized agent of the Company with any of the Company's regulators, meters, other appurtenances or connections thereto located on the premises of the customer; (4) for failure of the customer to comply with the terms of the contract; or (5) when a dangerous condition is found to exist on customer's premises. However the Company shall have no obligation or duty with respect to the customer's equipment.
23. **CURTAILMENT OF INDUSTRIAL SERVICE IN GAS SUPPLY EMERGENCIES.** In the event of any actual or threatened shortage of natural gas, due to any cause whatsoever, Company shall have the right to require such curtailment or interruption of gas usage by industrial customers served under its Industrial Gas Sales Service and Large Volume Transportation Service as it deems necessary to avoid impairment of gas supply to residential and other high priority customers.

Effective: _____

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served upon the following electronically this 14th day of November 2008:

Leja Courter
Indiana Office of Utility Consumer Counselor
115 West Washington Street, Suite 1500 South
Indianapolis, IN 46204



L. Parvin Price